GOVERNMENT OF INDIA
COMMERCE AND INDUSTRY
LOK SABHA

STARRED QUESTION NO:355
ANSWERED ON:19.04.2005
ZERO DUTY IMPORTS
Badiga Shri Ramakrishna;Ponnuswamy Shri E.

Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) whether the Government plan to allow zero duty imports to exporters who registered 25% and above growth in exports annually;

(b) if so, the details of the scheme and number of exporters likely to be benefited and revenue to be lost on this account;

(c) whether it will not result in providing double benefits to handful of big exporters who have easy access to international market; and

(d) the measures being taken to check misuse of the scheme?

Answer

MINISTER OF COMMERCE AND INDUSTRY (SHRI KAMAL NATH)

(a) There is no plan to allow zero duty imports as such to exporters who registered 25% and above growth in exports annually. However, high performing Status Holders who achieve certain designated percentages of incremental growth in the year 2003-04 and 2004-05 would be incentivised with a duty credit entitlement.

(b) to (d) A statement is laid on the Table of the House.

STATEMENT REFFERRED TO IN REPLY TO PARTS (b) TO (d) OF THE LOK SABHA STARRED QUESTION NO. 355 FOR REPLY ON 19.4.2005 REGARDING ZERO DUTY IMPORTS.

(b) High performing Status Holders who have achieved 25% and above incremental growth in the year 2003-04 over the previous year and have achieved a turnover of Rs 25 Crores are entitled to duty credit entitlement certificate @10% on the incremental growth achieved by them. In the year 2004-05, under the Target Plus Scheme, the incremental growth rate is pegged at 20% with a minimum turnover of Rs 10Cr. The duty credit entitlement is staggered at 5%, 10% & 15% with a cap at 100% growth. As on date, there are approximately 3000 Status Holders and all such Status Holders shall be entitled to this benefit if they achieve the required minimum incremental growth in the respective year. The scheme is intended to incentivise the high performing exporters and therefore the question of loss of revenue does not arise.

(c) The question of double benefit does not arise, as only one incentive is sought to be given. Furthermore, the scheme is not restricted to big exporters, but is open to all high performing ones.

(d) The Foreign Trade (Development & Regulation) Act, 1992 has provisions to check misuse of schemes under the Foreign Trade Policy.